

SCHEDULE 2

HEALING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANA

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS  
SEPTEMBER 30, 1998

Annual Contributions Contract  
FW-1998

Computation of Residual Receipts

-----	
Operating Receipts:	
Operating Income-Statement B	\$ 159,983
HUD Operating Subsidy	164,755
	-----
Total Operating Receipts	324,738
-----	
Operating Expenditures:	
-----	
Operating Expenses-Statement B	326,421
Capital Expenditures:	
Replacement Of Nonexpendable Equipment	3,833
	-----
Total Operating Expenditures	330,254
-----	
Residual Receipts (Deficit) Per Audit	3,374
Audit Adjustments (Booked Out)	19,436
	-----
Residual Receipts Per FEA Before Provision For Reserves	20,810
(Provision For) Or Reduction Of Operating Reserves Schedule 1	(20,810)
	-----
RESIDUAL RECEIPTS PER FEA	\$ 0
	-----

Computation of Accruing Annual Contributions

-----	
Fixed Annual Contribution	\$ 162,179
	-----
TOTAL ANNUAL CONTRIBUTION-SCHEDULE 1	\$ 162,179
	-----

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANA

NOTE TO FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 1998

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NAIURE OF OPERATIONS

The Housing Authority of the Town of Lake Providence, is a component unit of the Town of Lake Providence. The Board of Commissioners are composed of five (5) members, who are appointed by Mayor. The members serve without compensation. The entity was created for the purpose of administering housing programs for low income housing. The entity maintain 150 department unit for low-income family. The program is funded through the U.S. Department of HUD under section 8 of the U.S. Housing Act of 1967.

The Housing Authority of the Town of Lake Providence uses the accounting practices prescribed or permitted by the Department of Housing and Urban Development. Revenues are recognized on a modified accrual basis of accounting. Under this method revenues are recognized in the accounting period which they become both available and measurable.

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Fixed Assets are reported at cost, and these costs are not depreciated over future periods.

NOTE B. BASIS OF ACCOUNTING

The Housing Authority of the Town of Lake Providence uses the accounting practices prescribed or permitted by the Department of Housing and Urban Development. (HUD Basis). As such, the resulting financial statements are not prepared in accordance with generally accepted accounting principles (GAAP Basis), some of the ways in which the Housing Authority of the Town of Lake Providence accounting practices differ from GAAP are as follows:

HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANAANALYSIS OF SURPLUS-NOI BASIS  
SEPTEMBER 30, 1998Annual Contributions Contract  
pa-1098

Unreserved Surplus	
-----	
Balance Per Prior Audit At 08/30/96	\$ 68,480,8201
Net Loss For The Year Ended 08/30/98-Statement B	(231,3004)
(Provision For ) Reduction Of Operating Reserve For Year Ended 08/30/98	120,8300
Prior Year Audit Adjustments	(7491)
Balance at 08/30/98	67,945,5980
-----	
Reserved Surplus-Operating Reserve	
-----	
Balance Per Prior Audit At 08/30/96	83,268
Provision For (Reduction Of) Operating Reserve For The Year Ended 08/30/98	30,850
Balance at 08/30/98	104,879
-----	
Cumulative NOI Contributions	
-----	
Balance Per Prior Audit At 08/30/96	5,886,383
Annual Contribution For Year Ended 08/30/98	104,166
Operating Subsidy For Year Ended 08/30/98	162,179
Balance At 08/30/98	6,152,728
-----	

HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANAANALYSIS OF SURPLUS-FUD MONIES  
SEPTEMBER 30, 1986Annual Contributions Contract  
PH-1000

Cumulative HUD Grants	
-----	
Balance Per Prior Audit At 09/30/85	772,600
Advances for year ended 09/30/86	269,780
Balance at 09/30/86	1,042,380
-----	
Cumulative Donations	
-----	
Balance Per Prior Audit At 09/30/85	8,290
Donations During The Year Ended 09/30/86	-
Balance At 09/30/86	8,290
-----	
TOTAL SURPLUS-STATEMENT A	\$ 3,430,348
	-----

The accompanying notes are an integral part of this financial statement.

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HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
 Lake Providence, Louisiana

Financial Statements  
 And Independent Auditor's Reports  
 As Of And For The Year Ended September 30, 1984

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HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
SEPTEMBER 30, 1999

FEDERAL GRANTOR PROGRAM TITLE	CIFA NO.	GRANT ID NO.	AWARD AMOUNT	PROGRAM EXPENDITURES
U. S. Department of Housing & Urban Dev.				
Low-Income Housing				
Annual Contribution	14.850	FW-1099	\$ 162,173	\$ 162,173
Operating Subsidy	14.893	FW-1099	144,755	144,755
Major Program Totals			326,928	326,928
Comprehensive Improvements				
	14.893	FW-1099	265,733	265,733
Nonmajor Programs Total			265,733	265,733
Total HUD			\$ 592,661	\$ 592,661

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence, Louisiana

I have audited the accompanying financial statements of Housing Authority of the Town of Lake Providence, component unit of Town of Lake Providence, as of and for the year ended September 30, 1996 as described in the Table of Contents. These financial statements are the responsibility of Housing Authority of the Town of Lake Providence management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provision of Office of Management and Budget Circular A-133, Audits of State and Local Government. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note D, the Authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development. These practices differ in some respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the Department of Housing and Urban Development and is not intended for any other purpose.



Independent Auditor's Report  
Page 2

In my opinion, except as noted in the third paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Lake Providence, as of September 30, 1984, and the results of its operations funds for the year then ended in conformity with generally accepted accounting principles.



LOUIS B. BRADLEY  
CERTIFIED PUBLIC ACCOUNTANT  
INCORPORATED

Monroe, Louisiana  
April 21, 1987

4058

OFFICIAL  
FALL EDITION  
NO NETS AND NETS

From Secretary  
Housing Authority  
City and State  
Form No. 1001

HOUSING AUTHORITY OF THE  
TOWN OF LAKE PROVIDENCE

LAKE PROVIDENCE, LOUISIANA

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1966  
WITH SUPPLEMENTARY INFORMATION

Under provisions of state law, this report is a public document. A copy of the report shall be furnished to the auditor, comptroller, and city and parish engineer and public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor General, where appropriate, at the office of the parish clerk of court.

Release Date.....(1966-11-14-1967)

11-14-67 10:25:16

SUPPLEMENTARY INFORMATION

**NOTE 4. REPORTING ENTITY**

The Housing Authority of the Town of Lake Providence reported their prior year financial statements as a public nonprofit organization. A review of the nature of the Agency and Nash Statement number 15 reveals that the Agency mandatory meets the definition of a component unit of the Town of Lake Providence. More specifically, the Board of Commissioners of the Housing Authority are appointed by the Mayor and approved by the Aldermen of the Town of Lake Providence. The Executive Director of the Housing Authority is appointed by the Commissioners. The Housing Authority operates independently of the Town of Lake Providence.

FINANCIAL STATEMENTS

## STATEMENT B

ISSUING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANA

STATEMENTS OF INCOME AND EXPENSES-BUD BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 1988

Annual Contributions Contract  
PW-1889

	YEAR ENDED
	09/30/88
	-----
Operating Income:	
Debt/ing Rental	\$ 144,539
Interest On General Fund Investments	7,009
Other Income	8,004
Excess Utilities	488
	-----
Total Operating Income	159,040
	-----
Operating Expenses:	
Administration	82,744
Utilities	48,377
Ordinary Maintenance & Operation	188,227
General Expenses	38,153
Nonroutine Maintenance	1,108
	-----
Total Operating Expenses	358,609
	-----
Net operating income (Loss)	\$ (199,569)
Other Charges:	
Interest On Notes & Bonds Payable	91,088
Prior Year Adjustment Effecting Residual Receipts	137,835
	-----
Total Other Charges	228,923
	-----
Net Loss-Schedule 1	\$ (428,492)
	-----

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

Page 2

NOTE B. BASES OF ACCOUNTING (CONTINUED)

1. Governmental fund accounting principles have not been utilized.
2. Annual contributions and subsidies earned from HUD are recorded as contributions to supplies and are not included in the Statement of Income and Expenses.
3. Nonrecurring expenses are recognized when paid and are therefore not accrued. Therefore, the entity does not provide for encumbrances. All budgetary appropriations lapse at the end of the year.
4. The cost of accumulated unpaid vacation and sick leave is not accrued.
5. Financial statement formats vary from OMB.
6. Expenditures under HUD's comprehensive improvement Assistance Programs are capitalized, even though the expenditures are mixture of repairs, replacements and improvements. Therefore, some amounts represented as Fixed Assets may include costs in excess of value.
7. The entity prepares annual budgets for each program. Each annual budget is approved by the entity's governing body and is submitted to federal regulators for approval. Revisions require approval by the governing body and federal regulators. All budgetary appropriations lapse at the end of the year. The entity prepares its budget on a HUD basis of accounting.

NOTE C. CASH AND CASH EQUIVALENTS

At September 30, 1996 the entity had cash and cash equivalents totaling \$181,489.57. Cash includes not only cash on hand, but demand deposits with banks or other financial institutions. Cash equivalents includes short-term highly liquid investments that (a) are readily convertible into known amounts of cash and (b) are so near to their maturity that they represent insignificant risk of changes in value because of changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS  
Page 3

NOTE C. CASH AND CASH EQUIVALENTS (CONTINUED)

Under state law these deposits to the resulting bank balance must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash at September 30, 1986 is fully insured with federal deposit insurance.

NOTE D. CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E. FIXED ASSETS

Changes in fixed assets are as follows:

	END OF PERIOD	ADDITIONS	DELETIONS	END OF PERIOD
Buildings	\$3,001,299.81	-	\$3,004,881.80	\$4,000,001.81
Land				
Equipment	163,885.75	3,818.75	-	167,704.50
Construction in Progress	742,878.84	290,303.24	3,824,881.80	-
TOTAL	\$3,808,064.40	\$394,421.99	\$7,650,564.40	\$4,552,921.99

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

NOTE F. FIXED LIABILITIES

Fixed Liabilities consist of the following:

	Interest Rate	Principal Balance
Bond payable		
August 1, 1971 series	4.88%	\$ 457,384.45
FPD Notes	6.60%	973,788.50
		\$1,431,172.95



**NOTE F. FIXED LIABILITIES (CONTINUED)**

The bonds mature in series annually in varying amounts with the final maturity date in 2012. All required debt service maturity on the bonds, including principal and interest, is payable by EED under a debt service contract with the entity.

Fixed liabilities are secured by the land and buildings of the entity.

Changes in fixed liabilities are as follows:

Balance, beginning of period	\$1,800,973.20
Principal retirement	70,899.23
	-----
Balance, end of period	\$1,429,173.97
	-----

Schedule retirements of fixed liabilities are as follows:

1987	\$ 75,313.23
1988	80,255.23
1989	84,973.85
2000	90,250.25
Thereafter	1,098,281.26

**NOTE G. RETIREMENT PLAN**

The entity provides benefits for all its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six month exclusionary period. The employee contributes 5% and the entity contributes 5% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 25% annually for each year of participation. An employee is fully vested after 5 years of participation.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence, Louisiana

I have audited the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, as of and for the year ended September 30, 1996, and have issued my report thereon dated April 21, 1997.

I conducted my audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Housing Authority of the Town of Lake Providence, for the year ended September 30, 1996, I obtained an understanding of the

Compliance Based On An Audit  
Of Public Financial Statements  
Performed In Accordance With  
Government Auditing Standards  
Page 4

MANAGEMENT'S RESPONSE:

Management responded as follows: "As the Contracting Officer for the Housing Authority, I am authorized to execute any and all change orders as needed in our CIAP program. SAA approval is not required on change orders up to \$10,000.00."

This report is intended for the information of the Board of Directors, Management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



LOUIS E. BRADLEY  
CERTIFIED PUBLIC ACCOUNTANT  
INCORPORATED

Monroe, Louisiana  
April 21, 1997

## STATEMENT A

HOUSING AUTHORITY OF THE TOWN OF LAKE PROVIDENCE  
LAKE PROVIDENCE, LOUISIANABALANCE SHEET-BUD BASIS  
SEPTEMBER 30, 1988Annual Contributions Contract  
PW-1088

## ASSETS

	YEAR ENDED
	09/30/88
Cash	\$ 24,283
Accounts Receivable-BUD	2
Accounts Receivable-Other	1,841
Investments	67,211
Debt Amortization Funds	162,802
Deferred Charges	12,867
Land, Structures & Equipment	4,213,008
Total Assets	\$ 4,480,894

## LIABILITIES AND SURPLUS

Accounts Payable	\$ 20,635
Accrued Liabilities	20,871
Fixed Liabilities	808,467
Notes Payable-BUD	971,180
Bonds Payable (net)	457,388
Total Liabilities	1,682,348
Surplus-Schedule 1	2,638,548
Total Liabilities and Surplus	\$ 4,480,894

The accompanying notes are an integral part of this financial statement.

Special Requirements Applicable  
To Major Federal Financial  
Assistance Programs  
Page 2

As required by OMB Circular A-110, I have performed auditing procedures to test compliance with the requirements of Major Programs governing types of services allowed or unallowed, Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence complied, in all material respects, with the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort, or earmarking; reporting, special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1984.

This report is intended for the information of the Board of Commissioners, Management, U.S. Department of Housing & Urban Development, and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.



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Monroe, Louisiana  
April 21, 1987

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON  
AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Housing Authority of the Town of Lake Providence  
Lake Providence, Louisiana

I have audited the financial statements of the Housing Authority of the Town of Lake Providence (a nonprofit organization) as of and for the year ended September 30, 1994, and have issued my report thereon dated April 23, 1997.

I conducted my audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the Town of Lake Providence is the responsibility of the Housing Authority of the Town of Lake Providence's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Housing Authority of the Town of Lake Providence's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed certain instances of noncompliance that is required to be reported under GOVERNMENT AUDITING STANDARDS as follows:

Internal control Report  
Page 2

internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**FINDINGS, RECOMMENDATIONS, & MANAGEMENT'S RESPONSES**

**I. FINDINGS**

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Louisiana Revised Statutes (LSR-R.S. 24:514) requires all housing authorities to prepare annual financial statements in accordance with generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board. To satisfy the State of Louisiana reporting requirements and the U.S. Department Housing and Urban Development reporting requirements the Housing Authority should prepare (GAAP) basis financial statements and report the HUD required schedules as supplemental information. The Agency did not prepare GAAP basis financial statement and related footnotes.

**RECOMMENDATION:**

The Agency should comply with the above law by preparing GAAP basis financial statements and related footnotes with HUD financial statements as supplemental information.

Special Requirements Applicable  
to Nonmajor Federal Financial  
Assistance Programs  
Page 2



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Monroe, Louisiana  
April 21, 1987



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence

I have audited the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, as of and for the year ended September 30, 1998, and have issued my report thereon dated April 21, 1997.

In connection with my audit of the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, and with my consideration of Housing Authority of the Town of Lake Providence's control structure used to administer Federal financial assistance programs, as required by Office of Management and Budget Circular A-130, AUDITS OF STATE AND LOCAL GOVERNMENTS, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1998. As required by OMB Circular A-130, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and special tests and provisions that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Housing Authority of the Town of Lake Providence's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Housing Authority of the Town of Lake Providence, had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed no immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Commissioners, Management, U.S. Department of Housing & Urban Development, and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence

I have audited the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, as of and for the year ended September 30, 1996, and have issued my report thereon dated April 21, 1997.

I have applied procedures to test Housing Authority of the Town of Lake Providence's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1996:

GENERAL REQUIREMENTS

- |                             |                                   |
|-----------------------------|-----------------------------------|
| - Political Activity        | - Drug Free Workplace Act         |
| - Civil Rights              | - Cash Management                 |
| - Federal Financial Reports | - Allowable Costs/Cost Principles |
| - Davis-Bacon Act           | - Administrative Requirements     |

My procedures were limited to the applicable procedures described in the Office of Management and Budget's COMPLIANCE SUPERVISOR FOR SINGLE AGENCIES OF STATE AND LOCAL GOVERNMENTS. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Housing Authority of the Town of Lake Providence's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence, Louisiana

I have audited the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, as of and for the year ended September 30, 1996, and have issued my report thereon dated April 21, 1997.

I have also audited the compliance of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, with the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort, or worksharing; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended September 30, 1996. The management of Housing Authority of the Town of Lake Providence is responsible for the Housing Authority of the Town of Lake Providence's compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

Except as discussed in the following paragraph, I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, SIMPLE AND BASIC LOCAL GOVERNMENTS. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the Town of Lake Providence's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

Internal Control Structure  
Used in Administering Federal  
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Evidently there has been no problem with the way we have dealt with change orders in the past. Our procedures has never been questioned by HUD nor our Board of Commissioners. HUD has approved all of our actions on change orders.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe all of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Commissioners, Management, U.S. Department of Housing & Urban Development, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



LOUIS M. BRADLEY  
CERTIFIED PUBLIC ACCOUNTANT  
INCORPORATED

Monroe, Louisiana  
April 21, 1997

within the required time period. The delay was caused primarily because of a misunderstanding between the Auditor and Management as to who were responsible for the preparation of GRAP basic financial statements.

RECOMMENDATION:

Preparation of the required financial statements should be completed prior to the engagement of the auditor. Since the responsibility of the preparation of financial statements rests with management.

MANAGEMENT'S RESPONSE:

Management responded as follows: "According to the Legislative Auditor, we are requested to engage a Certified Public Accountant two months before the end of year. We meet this requirement."

111. FINDING:

CONSTRUCTION CONTRACT

The Agency advertised for bids from construction contractors to provide building improvement. The contract was given to lowest bidder for \$188,000.00. However, a change order was approved by the Executive that increased the contract amount by \$25,721.39. There was no indication that the change was approved by the Board of Commissioners.

RECOMMENDATION:

All changes ordered and any other action that would deviate from the approval of the Board of Commissioners should have the prior approval of the Commissioners.

MANAGEMENT'S RESPONSE:

Management responded as follows: "As the Contracting Officer for the Housing Authority, I am authorized to execute any and all change orders as needed in our GRAP program. HUD approval is not required on change orders up to \$25,000.00."

Internal Control Report  
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My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe all of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Commissioners, Management, U.S. Department of Housing & Urban Development, and Legislative Director's Office. However, this report is a matter of public record, and its distribution is not limited.



LOUIS R. SPAULLEY  
CERTIFIED PUBLIC ACCOUNTANT  
INCORPORATED

Monroe, Louisiana  
April 21, 1997

MANAGEMENT'S RESPONSE:

The wording (first paragraph of page 2 of agreement-see NAAP) of your proposal led me to believe our audit would be conducted according to the Legislative Auditor's requirements. You stated to me that you knew that we had another bid for \$1,800.00. You went on state that you would do all of our work for \$1,500.00.

Mr. Bradley, you should have know that the \$1,800.00 estimate from Estes and Associates converted GAAP to HUD audit. Now you are asking for an additional \$1,500.00 bringing your total bid to \$3,000.00.

From this day forth, the Housing Authority of the Town of Lake Providence will include Generally Accepted Accounting Principles (GAAP based) financial statements for its annual audits.

II. FINDINGS:

AUDIT SERVICES

Louisiana Revised Statute (LSA-R.S. 34:115) requires that all Agencies subject to the State of Louisiana audit complete and submit an audit report to the Legislative Auditor's Office. The Agency did not submit an audit within the required time period. The delay was caused primarily because of a misunderstanding between the Auditor and Management as to who were responsible for the preparation of GAAP based financial statements.

RECOMMENDATION:

Preparation of the required financial statements should be completed prior to the engagement of the auditor. Since the responsibility of the preparation of financial statements rests with management.

MANAGEMENT'S RESPONSE:

According to the Legislative Auditor, I am requested to engage a Certified Public Accountant two months before the end of year. We meet this requirement.

General Requirements For  
Major and Nonmajor Programs  
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requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed no immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Commissioners, Management, U.S. Department of Housing & Urban Development, and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.



LOUIS E. BRADLEY  
CERTIFIED PUBLIC ACCOUNTANT  
INCORPORATED

Monroe, Louisiana  
April 21, 1987



III. FINDINGS:

CONSTRUCTION CONTRACTS

The Agency advertised for bids from construction contractors to provide building improvement. The contract was given to lowest bidder for \$188,000.00. However, a change order was approved by the Executive Director that increased the contract amount by \$25,731.19. There was no indication that the change was approved by the Board of Commissioners.

RECOMMENDATION:

All changes ordered and any other action that would deviate from the approval of the Board of Commissioners should have the prior approval of the Commissioners.

MANAGEMENT'S RESPONSE:

Management responded as follows: "As the Contracting Officer for the Housing Authority, I am authorized to execute any and all change orders as needed in our CIP program. HUD approval is not required on change orders up to \$38,000.00.

Evidently there has been no problem with the way we have dealt with change orders in the past. Our procedures have never been questioned by HUD nor our Board of Commissioners. HUD has approved all of our actions on change orders."

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Internal Control Structure  
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Louisiana Revised Statute (LSA-R.S. 24:514) requires that all housing authorities to prepare annual financial statements in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board. To satisfy the State of Louisiana reporting requirements and the U.S. Department (Housing and Urban Development) reporting requirements the Housing Authority should prepare (GAAP) basic financial statements and report the HUD required schedules as supplemental information. The Agency did not prepare GAAP basic financial statement and related footnotes.

RECOMMENDATION:

The Agency should comply with the above law by preparing GAAP basic financial statements and related footnotes with HUD financial statements as supplemental information.

MANAGEMENT'S RESPONSE:

Management responded as follows: "The wording (first paragraph of page 2 of agreement-see GAAP) of your proposal led me to believe our audit would be conducted according to the legislative Auditor's requirements. You stated to me that you knew that we had another bid for \$1,800.00. You went on state that you would do all of our work for \$1,580.00.

Mr. Bradley, you should have know that the \$1,800.00 estimate from Estes and Associates converted GAAP to HUD audit. Now you are asking for an additional \$1,500.00, bringing your total bid to \$3,080.00."

II. FINDING:

AUDIT SERVICES:

Louisiana Revised Statute (LSA-R.S. 24:513) requires that all Agencies subject to the State of Louisiana audit complete and submit an audit report to the legislative Auditor's Office. The Agency did not submit an audit

Compliance Based On An Audit  
Of Basic Financial Statements  
Performed In Accordance With  
Government Auditing Standards  
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The Agency did not submit an audit within the required time period. The delay was caused primarily because of a misunderstanding between the Auditor and Management as to who were responsible for the preparation of GRAP basic financial statements.

RECOMMENDATION:

Preparation of the required financial statements should be completed prior to the engagement of the Auditor. Since the responsibility of the preparation of financial statements rests with management.

MANAGEMENT'S RESPONSE:

Management responded as follows: "According to the Legislative Auditor, we are requested to engage a Certified Public Accountant two months before the end of year. We meet this requirement."

3. FINANCE:

CONSTRUCTION CONTRACT

The Agency advertised for bids from construction contractors to provide building improvement. The contract was given to lowest bidder for \$180,000.00. However, a change order was approved by the Executive that increased the contract amount by \$55,721.19. There was no indication that the change was approved by the Board of Commissioners.

RECOMMENDATION:

All changes ordered and any other action that would deviate from the approval of the Board of Commissioners should have the prior approval of the Commissioners.

- Accounting Services
- Tax Services

**LOUIS R. BRADLEY**  
CERTIFIED PUBLIC ACCOUNTANT  
(A Professional Corporation)

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- Computer Consultant

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American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants  
Society of Arkansas Certified Public Accountants • Missouri Chapter of Commerce

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Commissioners  
Housing Authority of the Town of Lake Providence  
Lake Providence, Louisiana

I have audited the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, as of and for the year ended September 30, 1997, and have issued my report thereon dated April 21, 1997. I have also audited the compliance of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, with requirements applicable to major federal financial assistance programs and have issued my report thereon dated April 21, 1997.

I conducted my audits in accordance with generally accepted auditing standards, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget circular A-128, AUDITS OF STATE AND LOCAL GOVERNMENTS. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether they are free of material misstatement and about whether Housing Authority of the Town of Lake Providence complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audits for the year ended September 30, 1997, I considered the internal control structure of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, and on the compliance of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs.

Internal Control Structure  
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The management of Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

GENERAL REQUIREMENTS

- Political Activity
- Civil Rights
- Federal Financial Reports
- Drug Free Workplace Act
- Cash Management
- Allowable Costs/Cost Principle

SPECIAL REQUIREMENTS

- Types of Services Allowed or Disallowed
- Special Reporting Requirements
- Special Tests and Provisions
- Matching
- Eligibility
- Federal Reports
- Claims for Advances and Reimbursements

Internal Control Structures  
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For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended September 30, 1994, Housing Authority of the Town of Lake Providence, component unit of the Town of Lake Providence, expended 100 percent of its total Federal financial assistance under major Federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of Housing Authority of the Town of Lake Providence's major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Housing Authority of the Town of Lake Providence's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES

1. FINDINGS

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES